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IN THE HON'BLE HIGH COURT OF JUDICATURE AT BILASPUR, CHATTISGARH

W.P. NO. 2522 **/2001**

1. GRAMIN BANK AWARD STAFF UNION
(A Union Registered under the provisions of
Indian Trade Unions Act, bearing Registration
No. 4234, having it's Registered Office at Qr.no.B-1145,
Krishna Vihar, Jamni Pali, Korba.,Chhattisgarh.)
Through: its General Secretary, Virendra Singh Goutam.

2. Virendra Singh Goutam
S/O Shri K.S.Goutam
Employed at Bilaspur – Raipur Kshetriya Gramin Bank
Branch Korba,(Chhattisgarh)
….PETITIONERS

P. R. No. 2535
Presented by P Singh Goutam
3/12/01

VERSUS

1. STATE BANK OF INDIA
Regional Rural Banks Department,
National Banking Group,
Post Box no. 12,
Mumbai - 400021,
Through:-
Chief General Manager (Development Banking)

2. Bilaspur – Raipur Kshetriya Gramin Bank
Head Office -situated at
Vikas Bhawan, Tehsil Chowk ,
Bilaspur (Chhattisgarh)
Through- it's Chairman.

….RESPONDENTS

PETITION UNDER ARTICLE 226 OF THE CONSTITUTION OF INDIA FOR THE ISSUANCE OF ORDER/DIRECTION AND WRIT IN THE NATURE OF MANDAMUS, PROHIBITION, CERTIORARI ETC.

AFR

HIGH COURT OF CHHATTISGARH AT BILASPUR

Writ Petition No. 2522 of 2001

Petitioner		Gramin Bank Award Staff Union and another
	Versus	
Respondents		State Bank of India and another

Post for order on 24th March, 2006.

Sd/-
Satish K. Agnihotri
Judge

HIGH COURT OF CHHATTISGARH AT BILASPUR

Writ Petition No. 2522 of 2001

Petitioner — Gramin Bank Award Staff Union and another

Versus

Respondents — State Bank of India and another

Single Bench : Hon'ble Mr. Justice **Satish K. Agnihotri**.

Shri P. S. Koshy, counsel for the petitioner.

Shri Pritinkar Diwakar, Senior counsel with Shri Kunal Das, counsel for the respondents.

ORDER

(March, 2006)

The following order of the Court was passed by **Satish K. Agnihotri, J.**

1. The present petition impugns the recommendation dated 25th October 2001 (Annexure A/7) of the committee constituted by the sponsor Bank i.e. Respondent No.1 for revision of allowance namely cyclostyling machine operator allowance, driver allowance, cashier in charge of cash at Branch allowance and daftari allowance w.e.f. 1.4.2000 and the order dated 3.12.2001 (Annexure A/9), revising the allowances, as stated above w.e.f. 1.4.2000 and for recovery of the excess payment w.e.f. 1.4.2000.

2. The undisputed facts in nutshell are that the members of the petitioner-Union were granted special allowance as per the order dated 20.6.2001(Annexure A/4) w.e.f. 1.4.2000, interalia (i) Cashier-in-Charge Allowance (Key Allowance) @ Rs. 750/-, (ii) Daftari Allowance @ Rs. 371/-, (iii) Cyclostyling Allowance @ Rs. 184/- and (iv) Driver Allowance @ Rs. 932/-, which were sought to be revised by the impugned recommendation dated 25.10.2001 and order dated

3.12.2001 by reducing to Rs. 351/-, Rs. 352/-, Rs. 145 and Rs. 923/- respectively, w.e.f. 1.4.2000 and the excess payment was sought to be recovered from the concerned employees.

3. The petitioner-Union has filed this petition seeking a writ/direction to quash the impugned recommendation as well as the impugned order which adversely affects the service conditions of the members of the petitioner-Union and further recovery thereof by way of deduction in pay be also quashed.

4. Shri P. S. Koshy, learned counsel appearing for the petitioner-Union submitted that the basic pay and dearness allowance as mentioned in the order dated 11th April, 2001 (Annexure A/2) has been clarified by circular dated 25th April, 2001(Annexure A/3) of the Ministry of Finance, Government of India that basic pay and dearness allowance means basic pay, dearness pay, dearness allowance, additional D.A., interim relief or any other allowance which form part of the pay or dearness allowance. The special allowance comes under any other allowances and form part of pay. It is clear from the order dated 20.6.2001 (Annexure A/4) that (i) Cashier-in-Charge Allowance (Key Allowance) (ii) Daftari Allowance (iii) Cyclostyling Allowance and (iv) Driver Allowance form part of pay. Thus, the members of the petitioner-Union are entitled to parity as per the sixth bipartite settlement and thereafter seventh bipartite settlement in accordance with the Justice Obul Reddy Award, judgment and order of the Supreme Court in the case of **South Malabar Gramin Bank Vs. Co-ordination Committee of Sought Malabar Gramin Bank Employees' Union and South Malabar Gramin Bank Officers' Federation & others** { (2001) 4 SC 101} and further judgment and order in **All India Regional Rural Bank Officers Federation and others Vs. Govt. of India and others** { (2002) 3 SCC 554} as well as

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the circulars dated 11.4.2001 and 25.4.2001 issued by the Ministry of Finance, Government of India.

5. It was further submitted by learned counsel for the petitioners that in the similar facts where the allowances of Rs. 380/- paid to the cashiers incharge of the Palamau Kshetriya Gramin Bank, Daltongunj was reduced to Rs. 189/- by the Chairman of Palamau Kshetriya Gramin Bank and recovery of the excess amount was ordered, the Patna High Court at Ranchi Bench in **Palamau Kshetriya Gramin Bank Workers Organisation and others Vs. Palamau Kshetriya Gramin Bank and others** by order dated 27th January, 1992 in Civil Writ Jurisdiction Case No. 2006 of 1991 (R) held that the special allowances was fixed on the basis of the award of the National Industrial Tribunal, constituted by the order of the Supreme Court, unless the award is modified, there is difficulty to the RRB to reduce allowance of Rs. 380/- per month to Rs. 189/- per month.

6. It was next contended that clause 7 of the Sixth Bipartite agreement (Annexure P/13) pay has been defined as under:-

> "7. DEFINITION OF "PAY"
>
> 'Pay' for the purpose of Dearness Allowance, House Rent Allowance and Superannuation Benefits shall mean Basic Pay, Stagnation Increments, Special Allowance, Officiating Allowance, if any."

7. Thus, the special allowances which are under consideration in this petition form part of the pay and the members of the petitioner-Union are entitled to parity with the officers and employees of the sponsor nationalized and commercial Bank i.e. Respondent No.1. Sixth bipartite settlement clearly differentiates special allowance and other allowances.

8. Similarly, the 7th bipartite settlement also in its paragraph of the settlement specifically holds that special allowance and special pay

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are one and the same and few of the said allowances are part of pay and there are many allowances also, which do not form part of pay. The definition of pay as per 7th bipartite settlement also can be seen, which reads as under:-

Definition of pay

i. Allowances hitherto termed as Special Allowance, Graduation Allowance, Professional Qualification Allowance and Officiating Allowance, which are in the nature of "Pay", attracting Dearness Allowance nd ranking for superannuation benefits shall henceforth be termed as Special Pay, Graduation Pay, Professional Qualification Pay and Officiating Pay, respectively.

ii. "Pay" for the purpose of D.A. H.R.A. and Superannuation benefits shall mean Basic Pay, Stagnation increments, special pay, Graduation Pay, Professional Qualification Pay and Officiating Pay, if any.

9. It was further contended by learned counsel for the petitioners that the Central Government in its circular dated 17th April, 2002 (Annexure P/15) has again reiterated the definition of basic pay and D.A. and directed the Chairman of all RRBs to pass appropriate orders accordingly.

10. The Central Government consequent upon the revision of the wages/pay structure of the workmen/officers of the nationalized commercial banks in terms of the 8th bipartite settlement directed the Chairman of all RRBs by circular dated 6th October, 2005 (Annexure D/1) as under:-

"(1) Pay Scales & Dearness Allowances:

Pay scales & Dearness Allowance of each RRB employee as on 1-11-2002 would be equal to the corresponding categories of employees of the nationalized commercial banks.

(2) House Rent Allowance (HRA) and City Compensatory Allowance (CCA):

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HRA and CCA would be payable at the same rate as applicable in the corresponding categories of employees in the nationalized commercial banks w.e.f. 1-11-2002.

(3) As far as other allowance are concerned, the individual sponsor bank shall negotiate the same with the RRBs sponsored by them.

(4) The current payment in the increase in the salary should be made effective in the salary for the month of October, 2005. The arrear shall be paid in two installments. One half should be paid immediately and the second half on 01 April 2006.

(5) The RRBs may issue a comprehensive order indicating the revised pay scales in respect of each category of employees after seeking the approval of their Board of Directors."

11. The Central Government by another circular dated 25th October, 2005 (Annexure D/2) issued to the Chairman of All Regional Rural Banks clarified that the pay includes special pay also, if any, as under:-

"1) "Basic Pay and Dearness Allowance" as mentioned in order dated 06-10-2005 means Basic Pay, Dearness Pay, Dearness Allowances, adhoc or additional DA, interim relief r any other allowance which form part of pay or DA.

2) Pay includes Special Pay also, if any."

12. Shri P. Diwakar, learned senior counsel with Shri Kunal Das, learned counsel appearing for both the respondents i.e. State Bank of India and Bilaspur-Raipur Kshetriya Gramin Bank, per contra, submitted that the above stated allowances which are subject matter of dispute falls in the category of functional allowances or other allowances which have to be revised by respective sponsor Bank after negotiations with the RRB employees and would be payable w.e.f. 1.4.2000 as per the circular dated 24.1.2001 issued by the Ministry of Finance, Govt. of India. The Respondent No.1 constituted a committee vide its order dated 23.7.2001 to study all the relevant details and make suggestions on modalities for payment of other allowances (Revised) for RRBs sponsored bank by Respondent No.1. It was

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further contended that the Respondent No.2 had rightly determined the special allowances/pay from the pay and allowances for the category under para 7 of the pay revision pay circular dated 20.6.2001.

13. Learned counsel for the respondents further submitted that the payment of other allowances has to be decided by the sponsor Bank after negotiation with the RRB employees. The pay has been defined in Regulation 2 (O) of the Bilaspur Raipur Kshetriya Gramin Bank Staff Service Regulations, 1980 is as under:-

> "2(O) "Pay" means Basic Pay drawn per month by the officers or employee in a pay scale including stagnation, increment and any part of the emoluments which may specifically be classified as pay under these regulation."

14. The Cashier incharge allowance, cyclostyling machine allowance, driver allowance and the stenographer allowances have been marked as functional allowances and as such said allowances are not the special allowances but other allowances and do not form part of pay.

15. The Government of India, Ministry of Finance vide its letter dated 1.1.1992 directed National Bank for Agriculture and Rural Development (NABARD) to constitute a working group in respect of other residual matters arising out of implementation of the Justice Obul Reddy award. The equation committee recommendation read with Justice Obul Reddy award make it clear that the disputed allowances are functional allowances. Annexure VI to the circular dated 22.2.1991 (Annexure R-2/4) reads as under:-

> "8. <u>Special Allowances (Functional):</u>
>
> (i) <u>Sub Staff</u> :
>
> a) Cyclostyling machine operator.
>
> b) Watchman/Watchman-cum-Peon.
>
> c) Armed Guard.
>
> d) Driver.

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(ii) Clerical Staff :

a) Stenographer.

b) Cashier-in-Charge in Branch."

16. Learned counsel for the respondents next submitted that the power to determine the pay scales rests with the Central Government in respect of the Officers and Employees of the Regional Rural Banks as contemplated under Section 17 (1) of the Regional Rural Banks Act, 1976 (for short 'the Act, 1976'). The power of the Central Government under Section 17 (1) of the Act 1976 to determine the pay structure for the officers and employees of the Regional Rural Banks has been upheld by the Hon'ble Apex Court in the case of **South Malabar Gramin Bank**(supra). In exercise of powers conferred by proviso to (1) of Section 17 of the Act, 1976, the Central Government determined the new basic pay and the Dearness Allowances of Regional Rural Bank employees as on 1.4.2000 granting the benefit of 6th and 7th Bipartite Settlement and officers wage revision with effect from 1.11.1992 and 1.4.1998 respectively. As far as other allowances are concerned, the individual sponsor Banks were given the liberty to negotiate the same with the respective Regional Rural Banks. It was directed that the revised allowances shall be paid with effect from 1.4.2000. It appears that some representations were made by some of the sponsor banks, R.R.B., NABARD as also the employees of the RRBs seeking certain clarifications. The Government of India issued clarification vide order dated 25.4.2001. It was reiterated that all other allowances will be revised by the respondent sponsor banks and would be payable with effect from 1.4.2000. Pursuant to the directives issued by the Government of India, the respondent State Bank of India constituted a committee to go into the question of determination of various allowances. On receipt of the recommendations of the

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Committee, the State Bank of India decided to grant various allowances as contained in the letter dated 25.10.2001.

17. I have heard learned counsel for the parties and have perused the documents appended to the petition and return.

18. In the year 1987 a dispute arose in all the Regional Rural Banks (for short 'R.R.B.') claiming parity on the payment of salary and allowances at par with the employees of the sponsored nationalized banks on the principles of equal pay for equal work. Two writ petitions were filed by the All India Gramin Bank Workers Association and All India Rural Bank Employees Association, praying that they are entitled to get the same scale of pay as is available to the employees of the different nationalized commercial banks. During the pendency of the writ petitions in the Supreme Court, the Govt. of India agreed to appoint a National Industrial Tribunal to decide the question relating to pay salary and other allowances and other benefits payable to the employees of the regional rural banks, constituted under the Act, 1976. Accordingly, the Supreme Court directed the Central Government to refer the dispute to the Tribunal. Justice S. Obul Reddy, retired Chief Justice of the Andhra Pradesh High Court was appointed as Chairman of the National Industrial Tribunal. It was stated in the notification appointing the Tribunal that the decision of the Tribunal will be final and binding. The Tribunal so appointed passed an award after elaborate consultations and discussions on the basis of the materials placed before it. The Tribunal ultimately held that the officers and employees of the RRB would be entitled to claim parity with the officers and other employees of the sponsor Banks in the matter of pay scale, allowances and other benefits. It was further directed that the said award should be given effect to w.e.f. 1.9.1987. In paragraphs 4.25, 4.27, 4.28 and 4.29 of the award it was

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categorically held that the demand of the petitioners before the Tribunal were justified in demanding the equation to comparable posts in the commercial banks and the salary structure should have been so related as to be in conformity with the salary structure in the Nationalized Bank, and further held that it was unjust and unreasonable to deny the Regional Rural Bank employees parity in scales of pay with the employees in sponsor bank, in comparable posts, in regard to similarity in the nature of duties, functions and responsibilities. It was held in paragraph 4.425 of the award that "what flows from my findings is that the officers and other employees of Regional Rural Bank will be entitled to claim parity with the officers and employees of the sponsor banks in the matter of pay-scales, allowances and other benefits."

19. Consequent thereupon, the Ministry of Finance, Department of Economic Affairs, Government of India by its circular dated 22.2.1991 (Annexure P/10) provided equation of the post and held that "The allowances/special allowances and other benefits which are provided in Bipartite settlements and the Service Regulations of the concerned sponsor banks be extended to the employees/officers of RRBs, respectively. The allowances and other benefits which will have retrospective and prospective effects are detailed in Annexure VI."

20. The respondent No.2 pursuant to the circular dated 22.2.1991, adopted the same order by passing the order dated 7.3.1991 (Annexure P/11), granting parity to the officers and other employees of the RRB at par with the officers and employees of the sponsored banks/respondent No.1 in respect of pay, salary, allowances and other benefits.

21. Thereafter sixth bipartite settlement was entered into between All India Bank Employees Association and the members of the Indian

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Bank Association, which was made applicable to all the Nationalized Commercial Banks in India. The management of all the R.R.B. did not give effect to the benefits of the Sixth Bipartite settlement to their employees. A writ petition was filed in the High Court of Kerala by the employees of South Malabar Gramin Bank. The matter ultimately reached to the Supreme Court and the Supreme Court in its judgment and order passed in the case of **South Malabar Gramin Bank** (Supra), in para 13 held as under:-

> "13. The next question that arises for consideration is, what is the meaning of the expression "parity" used by the Tribunal in giving its award and indicating "that the officers and other employees of the regional rural banks will be entitled to claim parity with the officers and other employees of the sponsor banks in the matter of pay scales, allowances and other benefits" in para 4.425 of the award of the Tribunal. It may be noticed at this stage that on behalf of the employees, a claim had been made before the Tribunal for application of the principle "equal pay for equal work" and that was negatived by the Tribunal, but all the same the Tribunal directed to maintain a parity. The meaning of the word "parity" in the Concise Oxford Dictionary is equality; being at par; fact of being even or odd. In Law Lexicon Dictionary, the word "parity" has been defined to mean being on a par with; analogy; close similarity (as) by parity of reasoning. In Webster's Comprehensive Dictionary, the expression "parity" has been defined to mean equality, as of condition or rank; equivalent position; equal value; close resemblance. In Words and Phrases, Vol. 31, the word "parity" means an act providing for road construction to bring each county in the State to "parity", required all counties to be brought in the same condition regarding aid in road building, "parity" meaning equality. In view of the definition of the aforesaid expression "parity" and in the context in which the Tribunal came to hold that the employees of the regional rural banks would be entitled to claim a parity with the employees of the nationalised commercial banks, the Union Government, while exercising its power under the proviso to sub-section (1) of Section

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17 would be guided by the aforesaid conclusion of the Tribunal and will not be justified in deciding the pay structure for the employees of the regional rural banks, which would bring in disparity between the two groups of employees, even though there may be a slight variation in the pay structure. As has been stated earlier, the aforesaid direction to maintain parity was duly given effect to and the employees of the regional rural banks were given the pay structure applicable to their counterparts in the nationalized commercial banks w.e.f. 1987, though subsequently in 1992 and 1997, there had been revision in the pay structure of the employees of the nationalized commercial banks. Though, we have upheld the contention of the appellant with regard to the power of the Central Government to decide the pay structure of the employees of the regional rural banks, yet there cannot be any doubt that in so deciding, the Central Government would be duty-bound to maintain the parity with the pay structure of the employees of the nationalized commercial banks in the same sense and spirit as Justice Obul Reddi decided and as was given effect to by the Union Government in the year 1987".

22. Pursuant to the decision of the Supreme Court in the case of **South Malabar Gramin Bank** (Supra) the Government of India, Ministry of Finance Department, vide notification dated 11.4.2001 determined the pay scales of the employees of the RRB as follows :-

"i) The new basic pay and dearness allowance of each RRB employee as on 01.04.2000 would be determined by notionally granting the benefit of 6th and 7th bipartite settlement and officers' wage revision w.e.f. 01.11.1992 and 01.04.1998 respectively. The formula for fitment of salary in various scales may also remain the same as was adopted for commercial bank employees. Thus, as on 01.04.2000, the pay scales of the RRB employees would become equal to that of their counterparts in commercial banks.

ii) The current payment of increase in the salary due to grant of new pay scales shall be made in such a manner that the cash outflow in a particular year

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on this account is not more than 50% of the operating profit of the concerned RRB as per the previous year's published balance sheet. The RRBs who have incurred operating losses in the previous year would not be able to make current payment of increased portion of the revised salary and the amount due on account of increase in salary shall be transferred to the arrears account. Similarly, if anticipated cash out flow on account of the increase in the salary is exceeding 50% of the operating profit in the last year, the current payment may be restricted only to 50% of the operating profit and the rest shall be transferred to arrears account which is to be treated in the manner stated hereunder.

iii) There shall be a two year moratorium on the payment of arrears i.e. upto 31.3.2002; and during this period no arrears shall be payable by any RRB. After the moratorium period, the arrears may be paid in such a manner that the cash outflow on that account and the increase in wages during the current year on account of implementation of this package do not exceed 50% of the operating profit of the respective RRB for the immediate previous year. Arrears would mean increase in salary i.e. basic pay & DA due to the RRB employees by notionally granting to them wage revision w.e.f. 1.11.1992 and 01.04.1998 at par with commercial bank employees and residual amount, if any, arising out of clause (ii) above.

iv) The House Rent Allowance (HRA) and City Compensatory Allowance (CCA) would be payable at the same rate as applicable to comparable employees in the sponsor banks and would be given prospective effect i.e. date of issue of these orders as is done in Commercial Banks.

v) As far as other allowances are concerned, individual sponsor banks shall negotiate the same

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with the respective RRB. The revised allowances shall be paid w.e.f. 1.4.2000. The ceiling on the payment shall, however, be as per the formula stated on (iii) above.

23. The notification dated 11.4.2001 (Annexure A/2) did not fully comply with the direction of the Supreme Court passed in the case of **South Malabar Gramin Bank** (Supra). Several interlocutory applications and contempt petitions were filed. The Supreme Court in the case of **All India Regional Rural Bank Officers Federation and others** (Supra), in para -4 passed the following order :-

"4.....Even though the financial position of the Banks may not be disputed, but having regard to the directions issued by this Court, while disposing of the civil appeal and having regard to the circumstances under which such directions had been given, it would be difficult for us to sustain the plea of the Union Government that the notification is in compliance with the judgment and directions of this Court. The financial capacity of the Government cannot be pleaded as a ground for non-implementation of the directions of the Court inasmuch as even in the matter of determination of the pay scale of the employees of the Regional Rural Banks and maintenance of parity with their counterparts, serving under the sponsorer commercial banks, Justice Obul Reddi had not accepted the said plea and that award reached its finality. Since the financial capacity of the employer cannot be held to be a germane consideration for determination of the wage structure of the employees and Parliament enacted the Act for bringing into existence these Regional Rural Banks with the idea of helping the rural mass of the country, the employees of such rural banks cannot suffer on account of financial incapacity of the employer. We have no hesitation in coming to the conclusion that the issuance of notification dated 1-4-2001, by the Government of India cannot be held to be in compliance with the judgment and directions of this Court in S.M.G. Bank.....
.....we direct that the employees of the Regional Rural Banks should be paid their current salaries on the basis of determination made under the notification dated 11-4-2001, the new basic pay

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having been arrived at, as on 1-4-2000 forthwith. Paragraph (i) of the aforesaid notification dated 11-4-2001 should be immediately implemented and the employees should be paid accordingly. Paragraphs (ii) and (iii) of the notification are quashed and the Central Government is directed to issue a fresh notification for proper implementation of the judgment of this court. We make it clear that the period of moratorium with regard to the payment of arrears, since is going to be over on 31-3-2002, the arrear salary accruing to the employees be paid to them in three equal annual installments, the first being on 30-4-2002, the second on 30-4-2003 and the third on 30-4-2004. This payment has to be made as aforesaid without being in any way dependant upon any other considerations and there cannot be any distinction between the Regional Rural Banks incurring loss and the Regional Rural Banks, making profit. Further, the question of anticipated cash outflow on account of increase in salary if exceeds 50% of the operating profit, then the current payment would be restricted only upto 50%, is absolutely of no relevance, which was indicated in the impugned notification dated 11-4-2001. Having regard to the financial condition of the Government as well as these banks, the installment to be paid on 30-4-2002, pursuant to this order of ours, the same may be deposited in the employees' provident fund account. But all other installments will have to be paid in cash."

24. Accordingly, pursuant to the circular of the Govt. of India the respondent No.2 vide order dated 20.6.2001 (Annexure A/4) granted the benefits of 6th/7th Bipartite Settlement giving parity with the officers/employees of the respondent No.1 sponsor Bank w.e.f. 1.4.2000. According to the petitioner-Union the Respondent No.2 Bank did not make payment of arrears of the special allowance i.e. special pay even after judgment of the Supreme Court in the case of **All India Regional Rural Bank Officers Federation and others** (supra).

25. The Respondent No.2 Bank without following the principles of natural justice withdrew the benefits of special allowance granted earlier as

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stated above, by order dated 3.12.2001 which is in total disregard of the Justice Obul Reddy Award, the judgments of the Supreme Court and also the circulars issued by the Ministry of Finance, Government of India.

26. It is clear that the above stated allowances namely Cashier incharge allowance, cyclostyling machine allowance, driver allowance and the stenographer allowances, have been defined by the Central Government also, as special pay in its circular dated 25th October, 2005 (Annexure D/2). The submission of learned counsel for the respondents that the disputed allowances are functional allowances have no basis, except mentioning these allowances as functional allowances in Annexure VI to the circular dated 22.2.1991. The circular dated 22.2.1991 does not support the contention of the respondents as in Annexure VI, cyclostyling machine operator allowance, stenographer allowance, Cashier incharge allowance have been put under special allowances (functional) and professional qualification allowances have been marked separately. In the said Annexure in Part-B i.e. allowances and other benefits include Travelling allowance/Diem allowance, deputation allowance, mid-academic year transfer allowance, closing allowance, reimbursement of medical expenses/hospitalization expenses as per hospitalization scheme, reimbursement of expenses on travel, leave travel concession, festival advance, overtime allowance. The circular dated 20.6.2001, issued by the Central Government, has categorized the above stated disputed allowances as special allowances. Subsequently, also by circular dated 25.10.2005 issued by the Central Government to the Chairman of all the RRBs (Annexure D/2) special pay which are special allowances have been included in pay. It is, therefore, clearly established that the disputed allowances are special allowances i.e.

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special pay, as defined in 7th bipartite settlement. In the letter issued by the Central Bank of India to all branches/offices in circular (Annexure P/14) it has been clearly stated as under:-

> "In this connection, we have to advise that a Settlement has been signed by the Bank with All India State Bank of India Staff Federation on the 11th May 2000 on the rates of Special Pay for various positions carrying such pay (presently known as Special Allowance), Fixed Personal Pay, Special Pay for Graduation and Professional Qualification and other allowances."

27. Clause 1 of the Circular dated 11th April, 2001 (Annexure A/2) issued by the Govt. of India, Ministry of Finance pursuant to the decision of the Supreme Court in the case of **South Malabar Gramin Bank** (Supra) and Justice Obul Reddy Award, has clearly stated that on 1.4.2000 the pay scales of RRB employees would become equal to that of their counterparts in the commercial banks.

28. Hence, in view of the Justice Obul Reddy Award, decisions of the Supreme Court in the case of **South Malabar Gramin Bank** (Supra) and further judgment and order in **All India Regional Rural Bank Officers Federation and others' case** (supra), read with several circulars issued by the Govt. of India, it is clearly established that the officers/employees of the RRB are entitled to the parity with the officers and employees of the sponsored banks in case of pay, salary and other allowances which form part of the pay. The above stated disputed allowances which are according to the 7th bipartite settlement are special pay, a part of pay, as has been held by the Govt. of India in its circular dated 25th October, 2005.

29. The circular dated 22.2.1991 cited by learned counsel for the respondents does not reflect the correct position of the special disputed allowances as the subsequent circulars dated 11.4.2001 (Annexure A/2) and 25.4.2001 (Annexure A/3), 20.6.2001 (Annexure

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A/4) and 25.10.2005 (Annexure D/2) make it clear that the disputed allowances are a part of pay.

30. In view of the foregoing, the petition is allowed. The special allowance granted to the members of the petitioner-Union as per the order dated 20.6.2001(Annexure A/4) w.e.f. 1.4.2000, interalia (i) Cashier-in-Charge Allowance (Key Allowance) @ Rs. 750/-, (ii) Daftari Allowance @ Rs. 371/-, (iii) Cyclostyling Allowance @ Rs. 184/- and (iv) Driver Allowance @ Rs. 932/- is legal and valid. The impugned recommendation dated 25.10.2001 and order dated 3.12.2001 revising the abovestated allowances by reducing to Rs. 351/-, Rs. 352/-, Rs. 145 and Rs. 923/- respectively, with retrospective effect from 1.4.2000 and recovery of the excess payment, in regard to the abovestated allowances, are quashed and set-aside. No order as to costs.

Sd/-
Satish K. Agnihotri
Judge

Thakur